CresaPartners
THE TENANT'S ADVANTAGE

The Tenant's Point of View

Greater Cincinnati Office Market Report
3rd Quarter 2011

CresaPartners ■ One Financial Way, Suite 309 ■ Cincinnati, Ohio 45242 ■ 513.241.7373 ■ www.cresapartners.com/cincinnati

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Looking for more specific building information? Please contact a member of our Advisory Team.

How We Report

This report's findings are based upon measuring office "availability" instead of "vacancy", defined as:

- This method of reporting takes into account both spaces in buildings that are vacant and space that is not yet vacant or not yet fully constructed, but is being actively marketed for lease by the landlord or listing broker.
- A new building is added to the report if and when the construction project has commenced and actual steel is visible on the site.
- Buildings of any size that are solely owned and occupied by the same tenant or are less than 20K SF in total size are not included.
- All specific building information is gathered from the developers, landlords, and listing brokers associated with each building and public periodicals and records.
- Hospitals and other full medical type facilities are not included.

Market at a Glance

OFFICE SPACE AVAILABILITY	Q3 2011	Q3 2010	% Change
• Greater Cincinnati Market	26.2%	26.6%	⬇ 0.4%
• Central Business District	25.1%	24.5%	⬆ 0.6%
• Suburban	26.8%	27.7%	⬇ 0.9%

ECONOMY	2011	2010	% Change
• Greater Cincinnati's Unemployment Rate (Aug.)	8.7%	9.3%	⬇ 0.6%
• State of Ohio's Unemployment Rate (Sep.)	9.1%	9.8%	⬇ 0.7%
• National Unemployment Rate (Sep.)	9.1%	9.6%	⬇ 0.5%
• Consumer Price Index (Sep.)	0.3%	0.2%	⬆ 0.1%

Table 1: Q3 2011 Total Availability Summary

	TOTAL INVENTORY	DIRECT		SUBLEASE		TOTAL	
	(sq. ft.)	(sq. ft.)	(%)	(sq. ft.)	(%)	(sq. ft.)	(%)
CENTRAL BUSINESS DISTRICT (CBD)							
Class A	7,301,297	1,669,036	22.86%	90,505	1.24%	1,759,541	24.10%
Class B	7,024,687	1,764,516	25.12%	68,454	0.97%	1,832,970	26.09%
Total CBD	**14,325,984**	**3,433,552**	**23.97%**	**158,959**	**1.11%**	**3,592,511**	**25.08%**
SUBURBAN CLASS A & B							
CBD Periphery	2,522,971	885,676	35.10%	18,210	0.72%	903,886	35.83%
Central	1,762,965	461,063	26.15%	50,000	2.84%	511,063	28.99%
I-71 Corridor	1,549,740	283,881	18.32%	31,929	2.06%	315,810	20.38%
Blue Ash	4,340,119	892,881	20.57%	28,912	0.67%	921,793	21.24%
Mason	2,954,100	942,144	31.89%	25,343	0.86%	967,487	32.75%
East	1,762,610	511,813	29.04%	0	0.00%	511,813	29.04%
Tri-County	3,728,615	1,170,826	31.40%	16,697	0.45%	1,187,523	31.85%
West Chester	1,666,674	125,683	7.54%	4,372	0.26%	130,055	7.80%
Northern Kentucky	4,293,090	1,079,948	25.16%	52,702	1.23%	1,132,650	26.38%
Total Suburban	**24,580,884**	**6,353,915**	**25.85%**	**228,165**	**0.93%**	**6,582,080**	**26.78%**
Total CBD & Suburban	**38,906,868**	**9,787,467**	**25.16%**	**387,124**	**1.00%**	**10,174,591**	**26.15%**

Market Overview

The current market can best be described as “robbing Peter to pay Paul”, as both landlords and municipalities vie for an ever shrinking share of the tenant pie. Some of our largest corporate citizens including Omnicare, A.C. Nielsen and Chiquita are looking at their occupancy options and are well positioned to reap the rewards of very aggressive pricing and state incentive packages. Omnicare has already announced they'll move back to the central business district (CBD), while A.C. Nielsen and Chiquita have yet to officially decide on their next steps.

Occupancy levels in the region continue to bounce along the ocean bottom with overall office availability rates at 26%, about the same as the past six quarters. The market's bright spot this quarter was Tri-County, as 160,000 SF was positively absorbed mostly due to Humana's 175,000 SF lease in Springdale.

MARKET TRENDS

- The flight to quality continues as leases with above market rates expire allowing companies to upgrade at little or no additional cost.
- The development at Uptown's USquare @ The Loop may break ground soon. The University of Cincinnati may commit to lease 40,000 SF of office space.
- Quality investment grade properties continue to trade at relatively high multiples as pension funds and REIT's with lots of cash are looking for safe investments in which to place their assets.
- Though lender's and landlord's continue to restructure loan portfolios, watch for some high profile buildings to fall into foreclosure.
- The CBD continues to prosper with new entertainment venues opening regularly, which should continue, as Horseshoe Casino moves toward completion in 2013.

Table 2: Large Office Transactions (>10,000 SF)

TENANT NAME	SIZE (sq. ft.)	DEAL TYPE	BUILDING
CENTRAL BUSINESS DISTRICT (CBD)			
Omnicare	150,000	LEASE	Atrium One
Vorys, Sater, Seymour & Pease	60,000	LEASE	Great American Tower
Rendigs, Fry, Kiely & Dennis	26,000	LEASE	Center at 600 Vine
Greenbaum, Doll & McDonald	12,021	EXPANSION	Chemed Center
SUBURBAN			
Humana	173,397	LEASE	Executive Center 1
General Electric	95,534	RENEWAL	Princeton Hill
Siemens	90,000	RENEWAL	Governor's Pointe 4705
OfficeKey	12,661	SUBLEASE	Centre Pointe VI
Campbell Soup	11,135	LEASE	8805 Governor's Hill
CDM	10,150	LEASE	8805 Governor's Hill

Market Overview continued

TENANT'S PERSPECTIVE

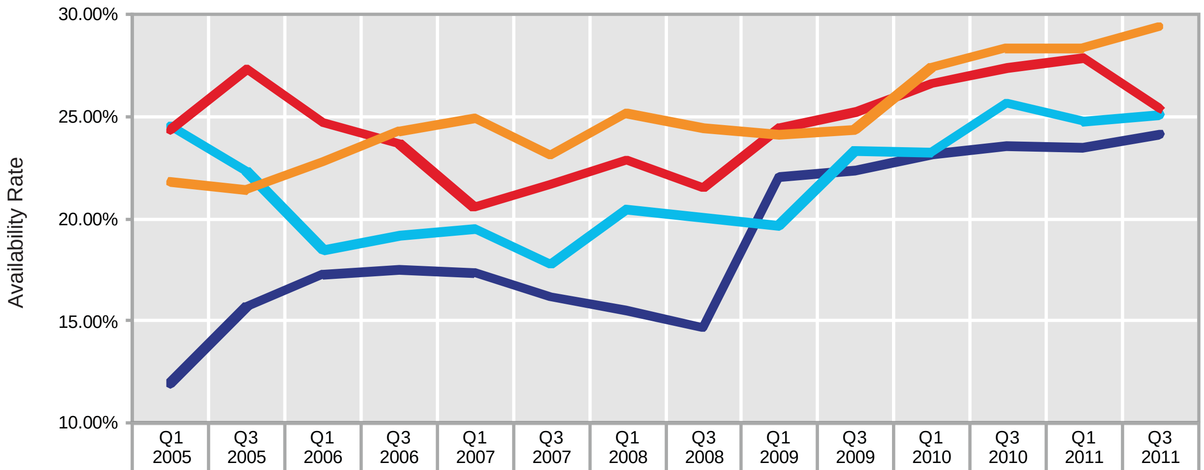
We don't expect the market to get much worse for landlords than it is right now, but don't expect to see any real bounce back from these levels of availability for 18-24 months. Tenant retention is the name of the game for them, so consider early renewals which can be loaded with incentives in the form of lower rent, rental abatement and tenant improvement allowances. However, we urge tenants to negotiate Non-Disturbance Agreements with their landlord, and their lender, which will insure that their occupancy is not subject to a legal renegotiation.

Table 3: Large Blocks of Contiguous Space (>50,000 SF)

BUILDING NAME	FLOOR(S)	SIZE (sq. ft.)	CLASS	LEASE TYPE
CENTRAL BUSINESS DISTRICT (CBD)				
309 Vine	1 - 6	275,921	B	Direct
580 Building	10 - 17	260,000	A	Direct
The Terrace Hotel	2 - 7	225,000	B	Direct
525 Vine	11 - 20	153,641	A	Direct
Center at 600 Vine	4 - 10	139,655	A	Direct
Chiquita Center	24 - 29	113,634	A	Direct
Atrium One	17 - 20	100,000	A	Direct
PNC Center	21 - 26	98,166	A	Direct
One East Fourth Street	4 - 9	70,326	B	Direct
Atrium Two	2 - 4	65,070	A	Direct
SUBURBAN				
Executive Center III	1 - 4	132,361	A	Direct
Fairfield Executive Center	1 - 4	120,000	A	Direct
Lake Forest Place	2 - 4	112,555	A	Direct
5300 Kings Island Drive	1	111,946	B	Direct
Madison Place	8 - 11	109,748	A	Direct
Grand Baldwin	3 - 6	97,134	A	Direct
Woodside Center	1-4	90,930	A	Direct
Cincinnati Technology Center	1 - 2	87,166	A	Direct
Dolwick Business Center	2	83,465	A	Direct
Governor's Pointe 4605	4 - 6	81,273	A	Direct
2000 Salk Drive	1 - 4	80,000	B	Direct
Baldwin 500	1 - 3	74,005	A	Direct
5155 Financial Way	1 - 2	68,000	A	Direct
200 Baldwin	9 - 11	53,285	A	Direct

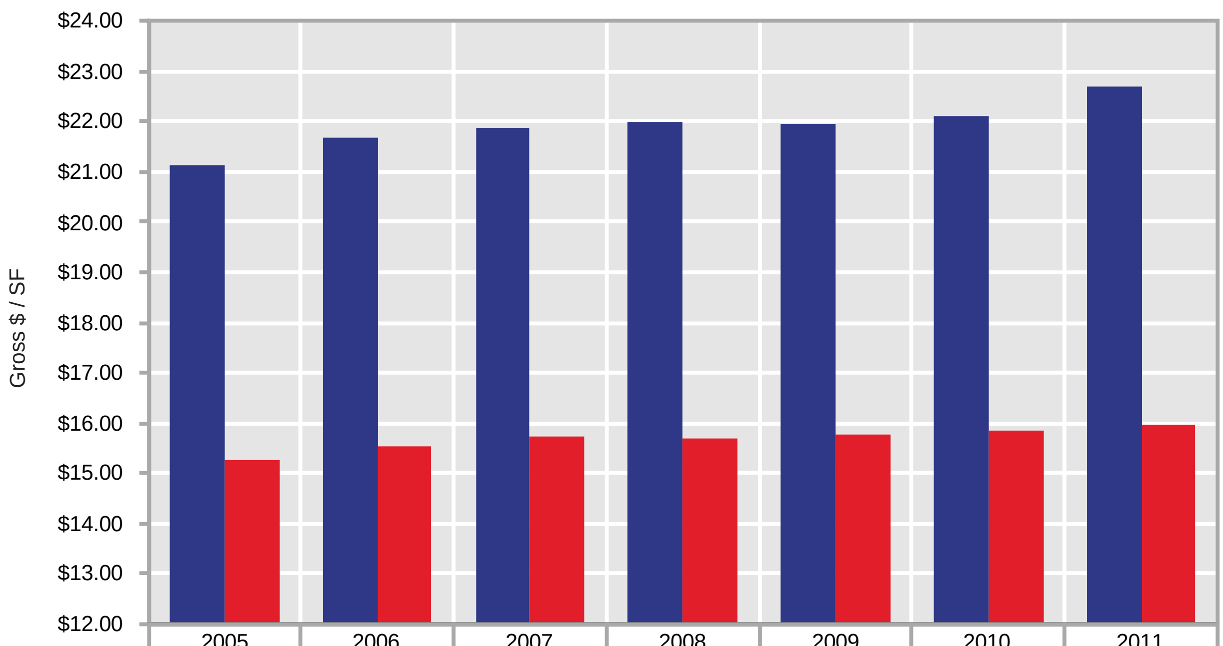
Market Overview continued

Graph 1: Historical Comparable Availability Rates



	Q1 2005	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010	Q1 2011	Q3 2011
CBD Class A	11.96%	15.69%	17.30%	17.50%	17.37%	16.16%	15.54%	14.66%	22.02%	22.36%	23.17%	23.58%	23.51%	24.10%
CBD Class B	24.53%	22.28%	18.50%	19.15%	19.50%	17.75%	20.48%	20.03%	19.65%	23.32%	23.24%	25.60%	24.77%	25.08%
Suburb Class A	24.38%	27.30%	24.70%	23.66%	20.52%	21.63%	22.84%	21.45%	24.46%	25.23%	26.58%	27.41%	27.89%	25.37%
Suburb Class B	21.84%	21.42%	22.79%	24.27%	24.88%	23.05%	25.15%	24.47%	24.14%	24.32%	27.38%	28.34%	28.36%	29.36%

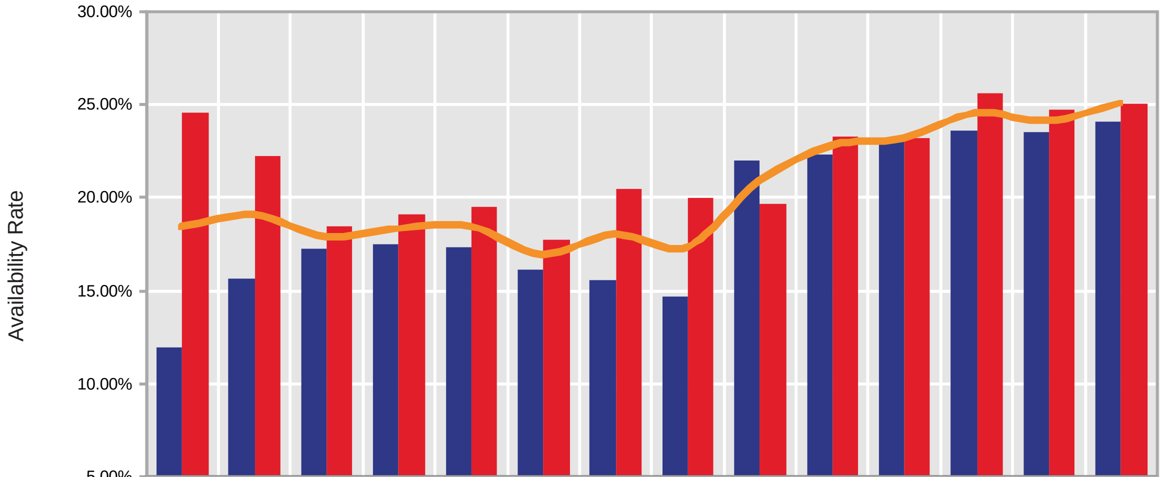
Graph 2: Historical Average Gross Rental Rates (per SF)



	2005	2006	2007	2008	2009	2010	2011
Overall Class A	$21.14	$21.67	$21.86	$22.00	$21.94	$22.10	$22.70
Overall Class B	$15.27	$15.52	$15.73	$15.69	$15.77	$15.84	$15.97

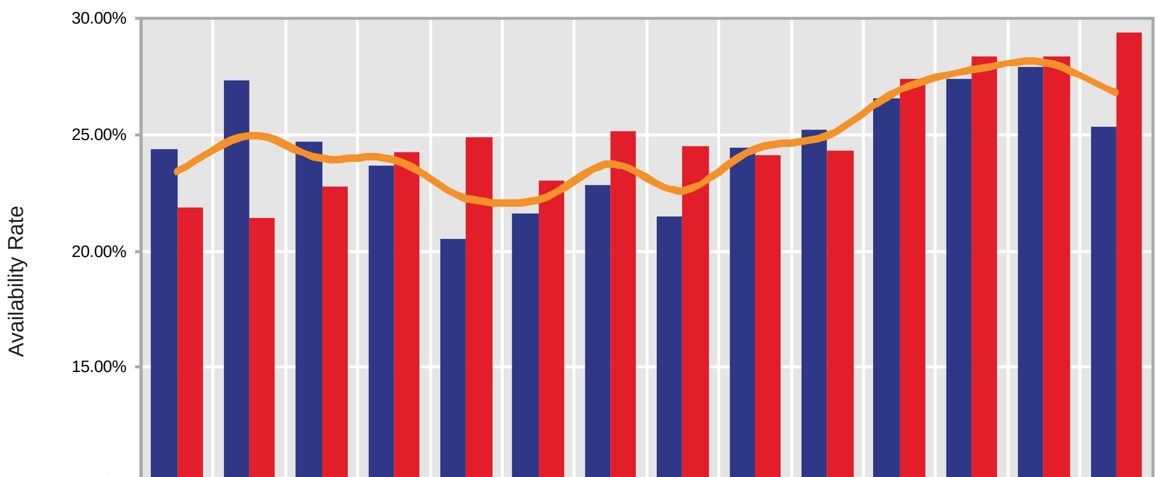
Market Overview continued

Graph 3: Historical Downtown Availability Rates



	Q1 2005	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010	Q1 2011	Q3 2011
Class A	11.96%	15.69%	17.30%	17.50%	17.37%	16.16%	15.54%	14.66%	22.02%	22.36%	23.17%	23.58%	23.51%	24.10%
Class B	24.53%	22.28%	18.50%	19.15%	19.50%	17.75%	20.48%	20.03%	19.65%	23.32%	23.24%	25.60%	24.77%	25.08%
Total Downtown Market	18.44%	19.08%	17.92%	18.35%	18.47%	16.97%	18.05%	17.37%	20.88%	22.82%	23.20%	24.54%	24.13%	25.08%

Graph 4: Historical Suburban Availability Rates



	Q1 2005	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010	Q1 2011	Q3 2011
Class A	24.38%	27.30%	24.70%	23.66%	20.52%	21.63%	22.84%	21.45%	24.46%	25.23%	26.58%	27.41%	27.89%	25.37%
Class B	21.84%	21.42%	22.79%	24.27%	24.88%	23.05%	25.15%	24.47%	24.14%	24.32%	27.38%	28.34%	28.36%	29.36%
Total Suburban Market	23.39%	24.92%	23.94%	23.90%	22.22%	22.16%	23.69%	22.56%	24.34%	24.90%	26.86%	27.74%	28.06%	26.78%

Market Forecast (as of 9/30/11)

INTRODUCTION

Greater Cincinnati's gross absorption of office space was a negative 5,300 sq. ft. in the third quarter of 2011, compared to the second quarter. In the Central Business District, the 850,000 SF Great American Tower has opened for business and currently has only 89,000 sq. ft. left available for lease., The ripple effect in the CBD is significant, with a number of buildings losing tenants to the Great American Tower, including 525 Vine Street, PNC Center and the 580 Building. There's a total of 675,356 sq. ft. now available as a result. Don't expect any more new construction in the CBD or suburbs for at least the balance of 2011. The market is just too soft and lenders are very hesitant to fund speculative construction.

SUPPLY

Due to the lack of new product, we do see the higher end Class A product continuing to fill up as tenants take advantage of getting more for less. Class B availability continues to increase and now stands at 4,384,000 sq. ft. or 27.9%.

Deal volume for users looking to own is picking up; therefore good listings are not long on the market, and institutional investors continue to try and take advantage of soft prices. Ramifications of the proposed FASB changes, which would eliminate “off-balance sheet” financing, may push firms to purchase their real estate. The long term effect could be that by staying in owned buildings longer it would reduce overall demand for space.

DEMAND

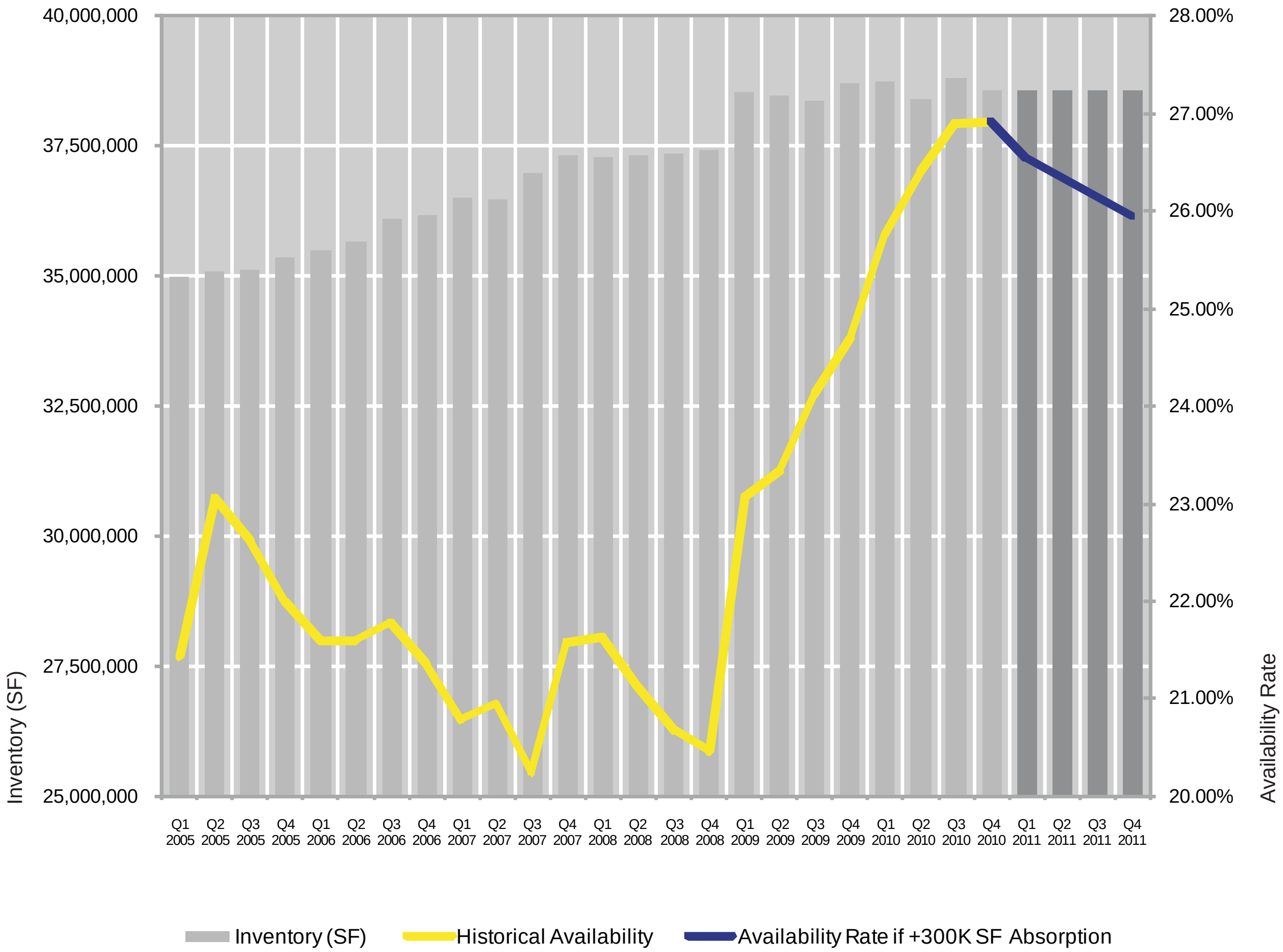
One troubling fact that most landlords are facing is the effects of continued downsizing of tenants. There are a significant number of businesses either renewing their lease or relocating to less and/or more efficient space. This reduced demand is affecting all buildings, hence the struggle for the market to remain in positive net absorption territory. The really big questions: When, and by how much, will job growth return and what effect will increased worker productivity, reduced square footage per employee and hoteling of workers affect the market? The answer to these questions will dictate future demand for space.

CONCLUSION

Our forecast at the beginning of 2011 indicated a positive absorption of 300,000 sq. ft. for the year. To begin the year there was 10,218,000 sq. ft. available and at the end of the third quarter there was 10,175,000 sq. ft., so a positive absorption of 43,000 sq. ft. for the nine month period.

Market Forecast continued

Graph 5: Historical Inventory & Availability with Market Forecast



This graph does not take into account potential sublease space.

Developments

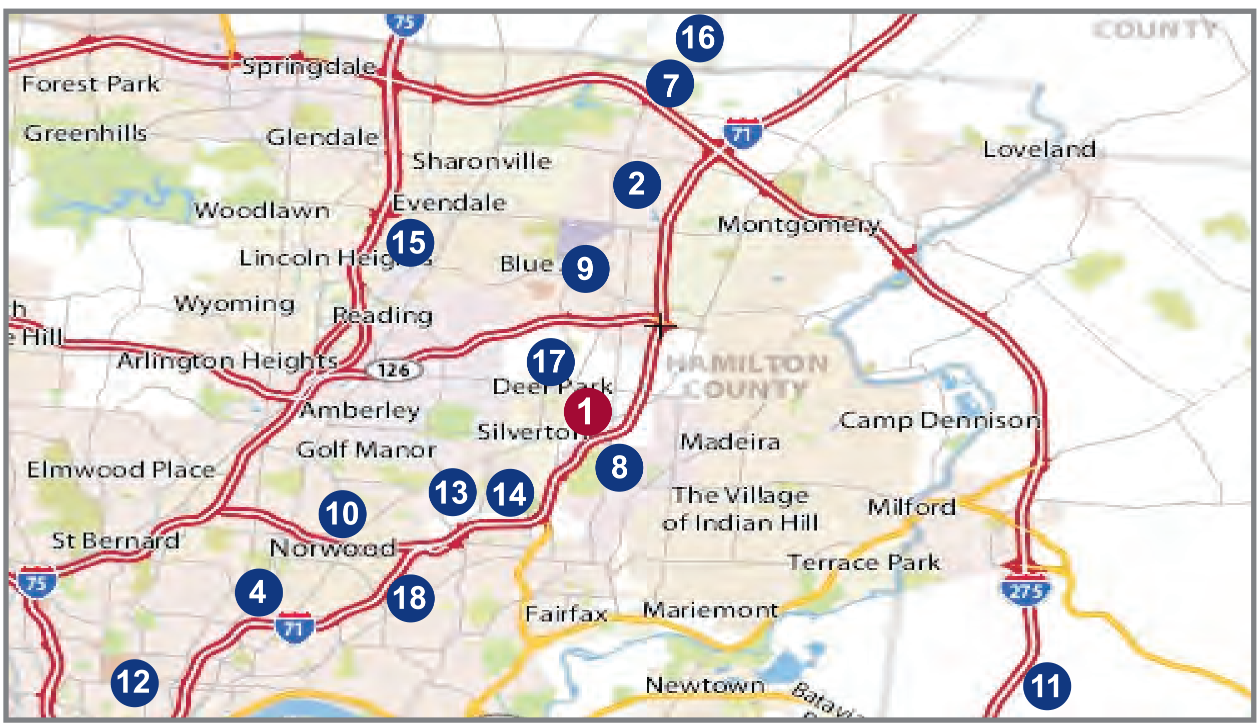
Map 1: Downtown & Northern Kentucky Area Developments

Contruction commenced, recently completed, or anchor tennat signed			
1	Western & Southern	Queen City Square	805,000
2	City Lights Development	Incline Square	41,353
Speculative New Development			
3	Corporex	Ovation	1,000,000
4	Carter/Daw son Company	The Banks	234,000
5	Ackermann	Riverboat Row	150,000
6	Capital Investment Group	South Shore	100,000

Developments continued

Map 2: Suburban Developments

#	DEVELOPER/LANDLORD	DEVELOPMENT	SIZE (sq. ft.)
Contruction commenced, recently completed, or anchor tennat signed			
1	NA	Kenwood Towne Place	270,000
Speculative New Development			
2	Duke Realty	Legacy Pointe	550,000
3	Jeffrey R. Anderson	Rookwood Exchange I & II	500,000
4	Neyer Properties	Keystone Parke II & III	410,000
6	Seven Hills Development	Alamo Ave. Project	300,000
7	Equity Group	Summitt Woods IV	300,000
8	Neyer Properties	Kenwood Towers	266,000
9	Duke Realty	The Landings III	177,829
10	Al Neyer	Linden Pointe II	125,000
11	CUC	Ivy Pointe	120,000
12	Towne Properties	Uptown Commons	116,000
13	Neyer Properties	Ridge Pointe Office Park	93,000
14	CUC	Green Point	75,000
15	Miller-Valentine	Evendale Commons	60,000
16	Brookwood Retirement	Beckham Square Office Park II & III	50,000
17	Neyer Properties	Kenwood Crossing III	45,000
18	Neyer Properties	Rookwood Pointe	25,000



CresaPartners
THE TENANT'S ADVANTAGE

Advisory Team

Sean Mangialardo

Kate Nguyen

Alan Piker

Paul Poppleton

Greg Scheper

Dan Silber

Joyce Smith

CresaPartners Overview

Formed in 1993, CresaPartners is the largest pure tenant representation firm in North America with more than 50 offices. Our advisors work to ensure that our clients achieve greater control and leverage in their real estate decisions. Our sole focus is in providing true advocacy and partnership — and always "Doing the Right Thing"— on behalf of tenants' best interests. At CresaPartners, an entrepreneurial spirit, culture of creativity, and strong business ethics comprise the core of our operation. Whatever the real estate challenge, we apply the right experience, proven processes, and specialized systems, to always work toward the perfect outcome for clients.

That is The Tenant's Advantage.

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